

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4351-05
Bill No.: HCS for SB 791
Subject: Counties; Sewers and Sewer Districts; Water Resources and Water Districts
Type: Original
Date: April 27, 2010

Bill Summary: This proposal modifies and creates provisions relating to utilities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(Up to \$13,031,128)	(Up to \$13,031,128)	(Up to \$13,031,128)
Total Estimated Net Effect on General Revenue Fund	(Up to \$13,031,128)	(Up to \$13,031,128)	(Up to \$13,031,128)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 21 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Public Counsel Fund*	\$0	\$0	\$0
Public Service Commission Fund**	\$0	\$0	\$0
Water Permit Fees Fund***	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Offsetting Income and Costs of Up to \$1,727,515 in FY 2011, and Up to \$1,791,270 in subsequent years, net to \$0.

** Offsetting Income and Costs of approximately \$2,000,000 per year, net to \$0.

***Offsetting Revenue and Costs of an Unknown amount per year, net to \$0.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Public Counsel Fund	Up to 20 FTE	Up to 20 FTE	Up to 20 FTE
Public Service Commission Fund	Up to 26 FTE	Up to 26 FTE	Up to 26 FTE
Total Estimated Net Effect on FTE	46	46	46

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Sections 386.715

In response to similar legislation filed this year (HB 2408, 5470-01), the following responded:

Officials from the **Office of the State Treasurer** assumed the proposal would not have a fiscal impact on their agency.

Officials from the **Department of Economic Development (DED)** stated there is no overall impact because of the savings to General Revenue and the impact to the new fund. The budgeted amount for the Office of Public Counsel (OPC) for FY 2010 is \$880,809 (\$657,634 personal service and \$223,175 in expense and equipment) for 12.0 FTE. DED stated fringe benefits should also be added on to these appropriated amounts to arrive at a complete cost for OPC.

This proposal has an emergency clause, so **Oversight** assumes an assessment could be rendered on July 1, 2010 and payments could be made into the new fund in FY 2011. Oversight utilized a fringe benefit factor of 52.44% of personal service expense.

This proposal will increase Total State Revenues.

Section 393.150

Officials from the **Office of Public Counsel (OPC)** state this bill would create significant additional duties and responsibilities for the Public Counsel's staff requiring the addition of 8 FTEs to participate in additional rate case procedures.

Theses additional duties and responsibilities include, but may not be limited to; participating in increased proceedings before the PSC to establish rates of regulated utilities, and increase in necessary staffing levels to meet compressed time frame for proceedings before the PSC.

The OPC request 8 FTEs; the estimated total costs for salary, benefits, expense, and equipment is \$501,843 for FY 2011, \$565,798 for FY 2012, and \$582,772 for FY 2013.

Officials from the **Department of Natural Resources** assume the proposal would not have a direct fiscal impact on their agency.

ASSUMPTION (continued)

Officials from the **Department of Economic Development - Public Service Commission (PSC)** state the amendment requiring rate cases to be processed within six months will require a significant number of additional FTE.

To process rate cases as required by section 393.150, the following FTE will be required:

The PSC will need two additional Regulatory Law Judges to process the rate cases. Several rate cases are always pending at the Commission. The compressed timeline will require current judges to work exclusively on an assigned rate case while other judges process other cases. Law Judges must draft proposed and final Commission orders and provide Commission with sound legal analysis and well-drafted documents in a timely manner. They aid the Commissioners' review of the record, pleadings and applicable law in docketed cases before the Commission's discussion of issues presented, as well as advise the Commission on other legal questions when requested. Judges conduct hearings, rule on the admission of evidence, and other matters.

The Staff Counsel's office will need to have two attorneys dedicated full time to each rate case, one primarily for discovery and the other primarily to process and oversee the case. Several rate cases are always pending at the PSC., currently there are four. Assuming testimony deadlines are the same or shorter, we would still need at least three additional attorneys in the case part time to process it.

Note there should be issues in the future that will require resources due to their novelty as well as their existence-fuel adjustment clauses, environmental recovery mechanisms, energy efficiency, renewable energy, etc.

Staff attorneys perform legal research and prepare briefs, pleadings, and other documents, memoranda and orders as appropriate before the Commission and before all levels of courts and federal agencies. They assist and advise agency staff in preparation of evidence, comments, and argument in all cases heard before the Commission, courts, and other regulatory bodies in which the Commission may be a party.

4 attorneys with 5+ years experience, Senior Counsel;
1 paralegal; and
1 administrative support personnel.

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ASSUMPTION (continued)

Utility Services will require a consultant for a 2 year period (\$100,000 per year) to perform Staff rate case functions (e.g. rate of return studies, audits, depreciation analysis) while existing staff transition into surveillance mode to monitor utility results to be more informed at the time a utility files a case, thus able to process a rate case faster.

Utility Operations staff considers the following requested FTE to be the minimum new FTE required to fulfill the requirements of the legislation. Existing Operation staff plays a key role in various components of completing rate cases at the current schedule of 11 months. The proposed legislation basically reduces the timeline in half, so Operations staff will need to be increased significantly to complete the same work in the shorter time period. Making the task even more difficult is the possibility of multiple rate cases being filed at the same time. For instance, at this time, there are six pending rate cases for gas, electric and water companies, all of which have very close timelines. Similarly, while the Water & Sewer Department only has one company that typically files under the 11-month rate schedule, they also simultaneously process multiple small company rate cases, which proceed on a more compressed schedule.

5 Economists I/II (Economic Analysis) at 10-15% travel
1 Economist I/II (Energy Resource Analysis) at 10-15% travel
1 Economist III (Tariff/Rate Design) at 10-15% travel
2 Engineering Specialist I/II (Engineering Analysis) at 10-15% travel
1 Utility Auditor I/II (Tariff/Rate Design) at 10-15% travel
1 Utility Auditor I/II (Water & Sewer) at 10-15% travel
1 Rate & Tariff Examiner III (Tariff/Rate Design) at 10-15% travel
2 Rate & Tariff Examiners I/II (Tariff/Rate Design) at 10-15% travel
1 Rate & Tariff Examiner I/II (Water & Sewer) at 10-15% travel

Operations Job Functions:

Regulatory Economist I/II (Economic Analysis) - Responsible for economic work in the analysis of rate cases. These positions are responsible for completing class cost of service studies to estimate the impact of rate increases on customer classes. These positions would also evaluate costs included in cost recovery mechanisms such as the fuel adjustment clause and environmental cost recovery mechanisms. These positions would serve as expert witnesses in cases before the commission.

ASSUMPTION (continued)

Regulatory Economist I/II (Energy Resource Analysis) - Responsible for economic work in the analysis of rate cases. This position is responsible for analyzing demand-side management programs and cost recovery associated with this analysis. This position would also evaluate costs included in fuel adjustment clause. This position would serve as an expert witness in cases before the commission.

Regulatory Economist III - Responsible for economic work in the analysis of rate cases. This position is also responsible for completing class cost of service studies to estimate the impact of rate increases on customer classes, calculating weather normalizations and customer class annualization of rates. This person would attend local public hearings and may serve as an expert witness in cases before the commission.

Utility Engineering Specialist III/Utility Engineer I - Responsible for auditing the engineering aspects of facilities included in rate base, completing load analysis and calculating fuel runs. These positions monitor utility vegetation management and infrastructure reliability. These positions would regularly serve as expert witnesses in cases before the commission.

Utility Regulatory Auditor I/II (Tariff/Rate Design) - Responsible for analyzing and evaluating complex rate design proposals and tariffs. Works with Regulatory Economists in developing rate design, annualizing rates and weather normalization. Completes analyses related to low income programs. Responsible for analyzing financial information related to revised rate cases. This person may attend local public hearings. This person would regularly serve as an expert witness in cases before the commission.

Utility Regulatory Auditor I/II (Water & Sewer Department) - Responsible for analyzing and evaluating complex rate design proposals and tariffs. Works with Rate and Tariff Examiners in developing rate design. Responsible for analyzing financial information related to revised rate cases. This person would attend local public hearings and would regularly serve as an expert witness in cases before the commission.

Rate and Tariff Examiner III - Responsible for analyzing and evaluating complex issues related to proposed rates and tariffs. Work involves assisting Regulatory Economists and Auditor in the development of Staff positions related to the revised rates, and preparation of material which may be used as testimony in PSC hearings. Attends local public hearings and assists consumers with questions related to rates and service quality issues. This person may also serve as an expert witness in cases before the commission.

ASSUMPTION (continued)

Rate and Tariff Examiner I/II (Tariff and Rate Design) - Responsible for analyzing and evaluating issues related to proposed rates and tariffs. Assists Rate and Tariff Examiner III in gathering data to be used in the development of Staff positions related to the revised rates. This person may also serve as an expert witness in cases before the commission.

Rate and Tariff Examiner I/II (Water & Sewer) - Responsible for analyzing and evaluating issues related to proposed rates and tariffs. Assists other Water & Sewer Department FTE in gathering data to develop staff positions related to revised rates. Reviews consumer comments related to rate issues and service quality issues. This person may also serve as an expert witness in cases before the commission.

PERSONAL SERVICE - 26 FTE

Salary range/step for each position are:

Regulatory Economist I/II - Range 28 Step G
Regulatory Economist III - Range 32 Step J
Utility Engineering Specialist I/II - Range 30 Step K
Utility Regulatory Auditor I/II - Range 24 Step K
Rate & Tariff Examiner I/II - Range 25 Step G
Rate & Tariff Examiner III - Range 28 Step G
Regulatory Law Judge - Range 32 Step K
Senior Counsel - Range 32 Step J
Admin Office Support Asst - Range 15 Step Q
Accountant I - Range 18 Step F

Note: The RLJ and Senior Counsel are exempt positions and not classified on a range and step, but are shown here on a range and step for budget purposes.

EXPENSE & EQUIPMENT -

One time purchase of equipment and furniture - \$104,514
Office Supplies, Telephone Service, Training, Publications/Subscriptions and estimated Travel Expenses (\$3,888/year x 26 FTE)

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ASSUMPTION (continued)

Office Space Rental based on 200 sq. ft x \$10.20/per sq. ft./year x 26 FTE = \$53,040/year
Professional Services - Total cost of \$200,000 (\$100,000 for the first two years) based on approximately 700 hours per year at hourly fees of \$130 - \$150 to perform rate of return studies, audits, and depreciation analyses.

The PSC requested a total of 26 FTEs; the estimated total cost for salary, benefits, expense, and equipment is \$1,868,623 for FY 2011, \$2,156,837 for FY 2012, and \$2,118,541 for FY 2013.

In response to similar legislation from this year (HB 2408, 5470-03), the following responded:

Officials from the **Office of the State Treasurer**, the **Department of Revenue**, and the **Office of Administration - Administrative Hearing Commission** assumed the proposal would not have a fiscal impact on their respective agencies.

Officials from the **Office of State Courts Administrator** stated this proposal would have no fiscal impact on the Courts.

Section 393.320

In response to similar legislation filed this year (HB 2196, 4982-02), the following responded:

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, State Tax Commission** and the **Department of Revenue** stated this proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Economic Development - Public Service Commission** and the **Office of Public Counsel** anticipated no fiscal impact as a result of the proposed legislation.

Officials from the **Little Blue Valley Sewer District** assumed this proposal does not affect their district.

Sections 393.1000 & 393.1003

Officials from the **Department of Natural Resources** do not anticipate a direct fiscal impact from this proposal.

ASSUMPTION (continued)

Officials from the **Office of Administration - Facilities Management, Design, and Construction (FMDC)** state this will affect the water and sewer districts operations and their operating costs, which in turn will drive up rates for utilities that the State will pay at state-owned and institutions and leased properties. FMDC assumes an unknown fiscal impact

In response to a similar proposal from this session (HB 2310, 4827-03), officials from the **Department of Economic Development - Office of Public Counsel (OPC)** stated this proposal would expand existing legislation so that at least five more service areas for major population centers could take advantage of the opportunity to adjust rates. Currently only one service area has this option. The proposed legislation also expands the definition of "Water utility plant projects" such that items are included that will raise the question of prudence on investment question. Prudence audits require significantly more analysis than investment verification analysis and require both financial and engineering analysis. Expansion of eligibility for the single issue rate mechanism provided under this legislation also increases the number of rate cases, thus requiring additional resources to analyze all utility costs and process the rate case before the Public Service Commission. Single issue rate mechanisms that exclude consideration of other utility operating revenues, costs, and net investments do not provide ratepayers assurance that the ratepayers are paying just and reasonable rates in total. The required rate case will be the only opportunity to ensure that total rates are just and reasonable.

This proposal will create significant additional responsibilities for OPC staff, requiring the addition of 3 FTE's with specific professional expertise to address the complex legal, engineering and financial issues that will be raised by this proposed legislation. This legislation significantly expands the service territories that could face rate increases and also expands existing statutory authority. This expansion results in new regulatory issues currently not addressed. The legislation effectively will require additional mandatory rate cases which are necessary in order to consider all relevant factors of a utility consistent with case law on setting rates.

Oversight assumes it is unknown how many cases would be subject to review. For fiscal note purposes only, Oversight will show no additional personnel costs. Should a sufficient number of cases warrant additional personnel, those personnel may be requested through the appropriations process.

Officials from the **Little Blue Valley Sewer District** stated this proposal will have no affect on their district.

ASSUMPTION (continued)

This proposal was sent to several other Water and Sewer Districts, none of which responded to a request for fiscal note.

Oversight assumes this proposal could result in unknown rate increases for state government, local government, and small businesses.

Sections 644.036 & 644.054

Officials from the **Department of Natural Resources** state section 644.054.1 of this proposal would extend the existing water permit fee rate structure for wastewater permits imposed under the water pollution statutes until December 31, 2012 (FY 2013). This extension does not affect the department's authority regarding these issues. Based on the number of active permits and the revenue trends seen over the previous two years, this proposal is estimated to generate an estimated \$4.3 million in revenue annually.

Oversight assumes the revenue generated from the proposal will provide the resources needed to administer the program and the net estimated effect of the extension would be \$0.

Officials from the **Missouri House of Representatives** assumed there would be no fiscal impact to their agency.

Section 660.122

In response to similar legislation filed this year (HB 1610, 4362-01), the following responded:

Officials from the **Department of Economic Development - Public Service Commission** and **Office of Public Counsel** stated this proposal will have no fiscal impact on their respective divisions.

According to officials from the **Department of Social Services - Family Support Division (DOS - FSD)**, §660.122 allows for households who have paid or attempted to pay their utility bills to receive assistance under the Utilicare program, provided they meet current eligibility guidelines. Currently, the state administers a crisis program within the federally-funded Low Income Home Energy Assistance Program (LIHEAP) that mandates that individuals must have their utility service disconnected or be in receipt of a shutoff notice in order to qualify. The state currently uses the same guidelines for determining eligibility for crisis funding for both LIHEAP and Utilicare.

ASSUMPTION (continued)

DOS assumes this proposal does not change the income-related eligibility guidelines for receiving assistance (households at or below 135% of federal poverty level), but the proposal would expand the potential pool of applicants for Utilicare crisis funds by allowing households who have paid or attempted to pay their utility bills to be eligible for funding as long as they meet existing eligibility income requirements. The rate of expenditure of Utilicare funds would potentially increase depending on the number of newly eligible households who are awarded funding. The proposed changes to Utilicare would have no impact on the state's current crisis eligibility guidelines or funding levels for LIHEAP.

As a result of this proposed legislation, Utilicare crisis payments would have a definition of crisis separate from the LIHEAP crisis program. The agencies that administer the current program would have to implement an additional application mechanism to track Utilicare crisis-eligible clients vs. LIHEAP crisis-eligible ones.

The potential number of new families who may be able to apply for crisis funding if the current definition of crisis is expanded is estimated as follows:

Income-to-Poverty Ratio in 2009	
Below 125%	209,447
125% to below 150%	61,361
150% and above	1,331,236
TOTALS	1,602,044

Source: U.S. Census Bureau - Subset: State: MO
Current Population Survey, Annual Social and Economic Supplement, 2009

ASSUMPTION (continued)

It is estimated that there are 270,808 primary families at or below 150% of federal poverty level. (LIHEAP income eligibility ends at 135% FPL, but census tables are available only in 25% increments. Thus the number of families at 135% FPL or below is likely between 209,447 and 270,808). According to Missouri's Federal Fiscal Year 2009 LIHEAP Household Report, 117,935 households received crisis funding. Based on these figures, expanding the eligibility for crisis beyond households who have had utilities shut off or received notices of service termination to all households who meet the income criteria could potentially increase the pool of eligible households by anywhere from 91,512 to 152,873. The number could possibly be greater depending on the number of households at 135% or below the poverty rate at a given time.

153,577 households received non-crisis energy assistance in FFY09. DOS-FSD assumes the difference between those households and the 117,935 households who received crisis funding represents a minimum of 35,642 additional households who may receive crisis funding under the proposed legislation. Assuming an average benefit amount of \$400, the cost would be \$14,256,800.

Utilicare funding is subject to appropriation. If enacted, this proposed legislation would increase the number of eligible households, so the numbers of households served would be in part determined by the level of appropriation and in part by the size of individual utility payments.

DOS-FSD is providing an impact of Unknown but Greater than \$100,000.

Oversight assumes the proposal would result in an annual cost to General Revenue up to (\$14,256,800).

Due to the emergency clause, **Oversight** is reflecting the full year in FY 2011.

Officials from **Cass County** and **St Louis County** state this proposal will have no fiscal impact on their respective political subdivisions.

Sections 204.300, 204.472, 204.571, 250.233

Oversight assumes that there is no fiscal impact from these sections.

ASSUMPTION (continued)

Bill as a Whole

Officials from the **Administrative Hearing Commission, Office of State Treasurer, City of Centralia, Department of Transportation, State Tax Commission, Department of Revenue, Department of Insurance, Financial Institutions and Professional Registration and St. Louis County** assume there is no fiscal impact to their agencies from any provision of this bill.

Officials from the **Missouri Senate** state this proposal would have no fiscal impact or minimal costs which can be absorbed by present appropriations

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

	FY 2011 (10 Mo.)	FY 2012	FY 2013
<u>FISCAL IMPACT - State Government</u>			
GENERAL REVENUE FUND			
<u>Savings</u> - Office of Public Counsel (Section 386.715)			
Personal Service (12 FTE)	\$657,634	\$657,634	\$657,634
Fringe Benefits	\$344,863	\$344,863	\$344,863
Expense and Equipment	<u>\$223,175</u>	<u>\$223,175</u>	<u>\$223,175</u>
Total Savings - OPC	\$1,225,672	\$1,225,672	\$1,225,672
<u>Cost</u> - State Agencies (Sections 393.1000 & 393.1003)			
Increased water service rates	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Cost</u> - Department of Social Services (Section 660.122)			
Family Support Division - Increased Utilicare disbursements	(Up to <u>\$14,256,800</u>)	(Up to <u>\$14,256,800</u>)	(Up to <u>\$14,256,800</u>)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(Unknown exceeding \$13,031,132)</u>	<u>(Unknown exceeding \$13,031,132)</u>	<u>(Unknown exceeding \$13,031,132)</u>

FISCAL IMPACT - State
Government (continued)

**THE PUBLIC COUNSEL
 FUND**

<u>Income</u> - Increased assessments on regulated utilities (Section 386.715)	\$1,225,672	\$1,225,672	\$1,225,672
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<u>Income</u> - Increased assessments on regulated utilities(Section 386.715)	Up to \$501,843	Up to \$565,598	Up to \$582,772
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<u>Costs</u> - Office of Public Counsel			
Personal Service (12 FTE)	(\$657,634)	(\$657,634)	(\$657,634)
Fringe Benefits	(\$344,863)	(\$344,863)	(\$344,863)
Expense and Equipment	<u>(\$223,175)</u>	<u>(\$223,175)</u>	<u>(\$223,175)</u>
<u>Total Costs</u> - OPC (Section 386.715)	(\$1,225,672)	(\$1,225,672)	(\$1,225,672)

<u>Cost</u> - Office of Public Counsel (Section 393.150)			
Personal Service (8 FTE)	(Up to \$282,066)	(Up to \$348,633)	(Up to \$359,092)
Fringe Benefits	(Up to \$147,915)	(Up to \$182,823)	(up to \$188,308)
Expense and Equipment	<u>(Up to \$71,862)</u>	<u>(Up to \$34,342)</u>	<u>(Up to \$35,372)</u>
<u>Total Costs</u> - OPC	<u>(Up to \$501,843)</u>	<u>(Up to \$565,798)</u>	<u>(Up to \$582,772)</u>

**ESTIMATED NET EFFECT
 TO THE PUBLIC COUNSEL
 FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net Effect on FTE to Public Counsel Fund	Up to 20 FTE	Up to 20 FTE	Up to 20 FTE

FISCAL IMPACT - State
Government (continued)

**PUBLIC SERVICE
 COMMISSION FUND**

<u>Income</u> - Assessments to recover regulation costs	\$1,868,623	\$2,156,837	\$2,118,541
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Cost -Public Service Commission
 (Section 393.150)

Personal Service (26 FTE)	(Up to \$1,009,349)	(Up to \$1,247,555)	(Up to \$1,284,981)
Fringe Benefits	(Up to \$529,303)	(Up to \$654,218)	(Up to \$673,844)
Expense and Equipment	(Up to \$329,971)	(Up to \$255,064)	(Up to \$159,716)
<u>Total Costs</u> - PSC	(Up to \$1,868,623)	(Up to \$2,156,837)	(Up to \$2,118,541)

**ESTIMATED NET EFFECT T
 TO PUBLIC COMMISSION
 FUND**

\$0

\$0

\$0

Estimated Net Effect on FTE to Public Commission Fund	Up to 26 FTE	Up to 26 FTE	Up to 26 FTE
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**WATER PERMIT FEES
 FUND**

Revenue - DNR
 (Sections 644.036 & 644.054)
 Other Fund Costs (Water
 Permit Fees)

Unknown

Unknown

Unknown

Cost - DNR
 (Sections 644.036 & 644.054)
 Other Fund Costs (Water
 Permit Fees)

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT
 ON WATER PERMIT FEES
 FUND**

\$0

\$0

\$0

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<u>FISCAL IMPACT - Local Government</u>	<u>FY 2011</u> <u>(10 Mo.)</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Cost - Local Political Subdivisions</u> (Sections 393.1000 & 393.1003)			
Increased water service rates	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

**ESTIMATED NET EFFECT ON
LOCAL GOVERNMENT**

<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
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FISCAL IMPACT - Small Business

Sections 393.1000 & 393.1003

This proposed legislation could result in an increase in utility costs to operate small businesses.

Sections 644.036 & 644.054

No additional impact on small business is anticipated. Small businesses that meet the requirements to secure Missouri State Operating Permits for discharge of pollutants into the waters of the state are currently paying these fees.

FISCAL DESCRIPTION

Section 386.715

Before the start of each new fiscal year, the Office of Public Counsel (OPC) must inform the PSC of its estimated expenses for the succeeding year. The OPC must specify how much of its estimated expenses are directly attributable to its work with each type of PSC-regulated public utility (i.e., electric, gas, water, heating, telephone, telegraph, and sewer) as well as the amount of expenses that are not directly attributable to one specific type of utility. Costs for telephone companies may not exceed 10% of the total directly attributable costs. Costs not directly attributable to one specific type of utility must be proportionately attributed to each utility type based on each utility type's percentage of total gross intrastate operating revenues across all utilities.

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FISCAL DESCRIPTION (continued)

The PSC must levy an assessment to each regulated public utility to cover its share of the OPC's costs. The total amount levied to all utilities must not exceed 200ths of 1% of the total gross intrastate operating revenues of all regulated utilities. The PSC must issue a statement of the assessment amount to each utility by July 1st of each year, which the utility may pay in full by July 15th or in 4 equal quarterly installments.

The payments are to be deposited in the Public Counsel Fund, created in the act, and may only be used to pay the expenses of the OPC. Any balance remaining in the fund at the end of the fiscal year must be proportionately credited to the next year's assessments.

The act does not grant authority to the PSC to determine how the OPC estimates its expenses or how the OPC will spend the assessments collected from the utilities.

By March 31st of each year, each regulated utility must file a statement with the PSC of its gross intrastate operating revenues for the preceding calendar year.

Section 393.150

The act reduces the period of time, from 120 to 90 days, in which the PSC may suspend proposed new rates by a gas, electric, water, or sewer company while it holds a hearing to determine the appropriateness of the rates. The act also reduces the period of time, from 6 to 2 months, in which the PSC may extend the rate suspension time in order to complete the hearing. The act prescribes dates by which rebuttal and surrebuttal testimony must be submitted to the PSC for a rate case. The PSC must issue its order no later than 20 days before the end of the suspension period or extended suspension period, and the order must go into effect within 10 days.

Sections 393.1000 & 393.1003

This proposed legislation changes the laws regarding infrastructure replacement surcharges for water corporations. In its main provisions, the proposal:

(1) Revises the definition for "eligible infrastructure system replacements" to include energy efficiency projects that are in service, used, and useful; do not increase revenues by connecting the infrastructure replacements to new customers; and were not included in the water corporation's rate base in its most recent rate case and defines "energy efficiency" as measures that reduce the amount of energy required to achieve a given end result;

FISCAL DESCRIPTION (continued)

(2) Adds service lines and meters that have worn out, are in a deteriorated condition, or replaced as part of an order issued by the Missouri Public Service Commission, as well as energy efficiency projects, to the list of projects that are allowable water utility plant projects; and

(3) Allows, beginning August 28, 2011, all water corporations to file a petition and proposed rate schedules with the commission to establish or change its infrastructure system replacement surcharge rate schedules that will allow for the adjustment of the corporation's rates and charges to provide for the recovery of costs for eligible infrastructure system replacements. Currently, only water corporations in St. Louis County are allowed to file a petition and proposed rate schedules.

Sections 644.036 & 644.054

This bill extends the public notice requirements of the Clean Water Commission when listing any impaired waters of the state under Section 303(d) of the federal Clean Water Act from August 28, 2010, to August 28, 2012.

The commission's authority to charge fees for construction permits, operating permits, and operator's certifications related to water pollution control is extended from December 31, 2010, to December 31, 2012.

Section 660.122

This proposed legislation provides that any attempt to pay, or actual payment of, an electric or gas utility bill shall not adversely affect the assistance that an otherwise eligible household may receive through Utilicare. The proposal removes the current requirement that households have had their service disconnected before being eligible for assistance.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development

-Public Service Commission

-Office of Public Counsel

Department of Social Services

-Family Support Division

Department of Natural Resources

Department of Insurance, Financial Institutions, and Professional Registration

State Tax Commission

Office of State Treasurer

Department of Revenue

Office of Administration

-Administrative Hearing Commission

-Facilities Management, Design and Construction

Office of Secretary of State

Office of State Courts

Missouri House of Representatives

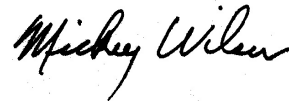
Missouri Senate

Cass County

St. Louis County

Little Blue Valley Sewer District

City of Centralia



Mickey Wilson, CPA

Director

April 27, 2010